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ABSTRACT

Students in intensive two-year college accounting programs often encounter difficulties in trying to transfer to four-year college accounting programs. Courses such as auditing and taxation, which according to American Association of Collegiate Schools of Business (AACSB) standards, should be taken in the third or fourth year of a four-year program, are not usually transferrable. The most effective resolution of this problem occurs on the local level, where the two-year colleges meet with the universities to which their students transfer, and reach a mutually satisfactory agreement. Where appropriate, proficiency examination should be given to validate credit. The goal should be to minimize these examinations once the four-year school knows the quality of the students it receives. Other possible solutions to the problem include: student transfer to a related department such as finance or management, rather than to an accounting program; counseling potential transfer students to avoid intensive specialization in accounting, choosing instead a related major, such as data processing. While the national professional accounting associations have been highly influential in establishing standards for four-year accounting programs, they have shown little regard for the needs of two-year college transfer students, or for the professional development of two-year college accounting teachers. (Author/NHM)

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THE TRANSFER CREDIT PROBLEM:

CAN ACCOUNTANTS ADD 2 + 2?

by

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Speech presented at the meeting of the American Accounting Association
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THE TRANSFER CREDIT PROBLEM: CAN ACCOUNTANTS ADD 2 + 2?

The following letter was written by the President of a two-year technical college to the President of The University of Akron:

> "This past summer three of our June graduates in Accounting Technology requested advice from us on where they might continue their education, and we recommended that they investigate the University of Akron. They returned quite disappointed, as they were told that credits for technical courses which corresponded to upper division courses could not be transferred. As a result these students are now enrolled at Walsh College (a private four year school), where all of their work was accepted and where they will be able to complete a Bachelor of Science in Administration in two additional years.
>
> "My purpose in writing to you is to suggest that it might be appropriate if some action could be taken to review the guidelines for the transfer of credit by the College of Business Administration, or that curriculum changes might be made in order that our graduates in business technologies might enjoy the same articulation privileges at The University of Akron that our engineering technology graduates now find so rewarding.
>
> "I am certain that any changes to improve articulation would be a great benefit not only to the students involved, but to both of our institutions, as well."

This letter focuses on the most difficult aspect of the transfer credit controversy. There seems to be little difficulty for a graduate of a two-year community college program who has concentrated on the general studies, including English, mathematics, economics, psychology, etc. plus only one year of accounting, to complete the requirements for the bachelor's degree without any loss of time or credit.

The problem is that the students at the technical college completed an intensive two-year program in accounting including Accounting I and II the first two quarters, then intermediate accounting the third and fourth quarters, succeeded by courses in cost accounting, taxation I and II, advanced accounting, auditing and a CPA Review course. The curriculum also includes courses in finance and business law which are normally taken in the upper division of the four-year schools.

I met with the President of the technical college, members of his counselling staff and faculty to discuss transfer credits. While it would not be fair to say that the problem was resolved to the complete satisfaction of the two-year technical school, the door was opened to a better understanding of each other's objectives, and hopefully, some alternate solutions.

For example, there is a real need in the community for the technical college to offer a variety of accounting courses. Furthermore, the technical college is not permitted to offer a general business course, i.e., a basic pre-business curriculum, because it is located next door to a two year branch of Kent State University, which offers general but not vocational programs.

The president of The University of Akron is highly sympathetic to the value of community and technical colleges. In fact, the University has its own community and technical college right on campus with access to the full resources of the institution. This means, inter alia, that C & T students can play on the football and basketball teams, which can be an advantage in recruiting.

Another interesting feature is that our C & T College now offers the bachelor's degree. When the engineering college refused to accept transfer students from the program in engineering technology, the community and technical college was allowed to develop a four year program and offer a bachelor's degree in engineering technology. Additional programs are being planned.

It is inevitable that many students who complete a rigorous two year technological program such as accounting have the ability and will be motivated to go on for the bachelor's degree. The incentive is that the four year graduate has the opportunity to earn between $10,000 and $12,000 at the start.

The faculty in our school decided that transfer students should be required to take at least four advanced accounting courses so we would have a basis for recommending these students for graduation. The courses would be selected by our advisors so there would be a minimum of repetition.

Looking at the transfer credit problem in perspective, the problem is broader than a transfer from a community college to a four-year school. Sometimes the transfer is the other way around. We have had students from West Virginia and Maryland four year schools transferring to The University of Akron and asking that they be granted a degree in accounting without taking any more courses. How is our faculty going to certify to the CPA Board that these students are qualified?

The problem is not confined to accounting. UCLA has refused to accept a course in children's literature because it was taken at the sophomore year at The University of Akron. Certain courses taken at Miami of Ohio, a top ranked school, have to be repeated when transferred to Kent. So discrimination is not always against the two-year schools.

The two-year programs in accounting technology serve a useful purpose in meeting the objective of preparing students for earlier employment. The four-year program is designed to prepare students for higher level entry positions (for example, very few public accounting firms today will hire a two-year graduate) and to advance more rapidly. There is a difference between training paraprofessionals and potential CPA's just as there is a difference between training nurses and doctors and engineering technicians and engineers.

> "Education is valid regardless of where or how it is learned... . Transfer credit should be based on what a student has learned rather than the courses he may or may not have taken."

This, of course, is the philosophy of the University Without Walls movement. This is really not a new attitude, because forty years ago the University of Chicago permitted students to graduate from a four-year program in as little as two years, or as long as five or six. The emphasis was on comprehensive examinations which demonstrated the student's educational attainments.

Another solution is to have students who concentrate on a two-year major in accounting transfer to a related department such as Finance or Management. These students would then get a B.S. in Business Administration, and in many states may be able to gain admission to the CPA examination.

What if the transfer student wanted a degree in accounting? I suggested that this student first take a proficiency examination to validate credit in Intermediate Accounting. After we have had some experience with the graduates of specific community colleges, we could waive the examination.

As for Auditing, Taxation and similar senior level courses, we would not grant transfer credit, because this is counter to AACSB Standards. We would grant credit by examination, an opportunity open to all students. In some parts of the country the term is "challenging a course."

Transfer students should take a minimum of four accounting courses to get a B.S. in Accounting. Preferably these courses would not repeat what was studied at the technical college but would be selected at a more advanced level.

It is also recommended that potential transfer students should avoid intensive specialization in accounting. Some students should be advised to consider a data processing option in the community college; accounting and data processing make an ideal combination.

Another alternative is to transfer to a technical education program similar to the one offered at The University of Akron. This program, offered by the College of Education, seems to be attractive to transfer students who would like to teach. In this program, all courses transer without examination.

On the national level, there has been a growing concern and attention to the relationships between the two and four year colleges. The increasing number and importance of community and technical colleges, the problems inherent in the transfer of students from one college to another, and the heavy enrollment pressures in all of higher education have created the need for improved articulation.

A committee of the American Accounting Association made this observation three years ago:

> "Two year college personnel have something to contribute to the improvement of instruction and to changes in course content which can be of value to four year curriculum as well. The welfare of the students suffers from provincialism and isolation on the part of either group."

The two year schools want to be involved in the baccalaureate degree curriculum. Dean James O'Grady of a St. Louis community college, made this statement appearing in the February, 1974 issue of the Junior College Journal:

> "Four-year college faculty have assumed the right to establish curriculum and to set standards to the baccalaureate degree. However, when the responsibility for th-e composition of the curriculum is shared, the rights are not easily discernable."

This means that the community colleges want to be consulted in the construction of a four year curriculum. I see nothing wrong with this as long as each other's rights are respected. It has also been suggested (by at least one technical college) that an upsdie down arrangement should be developed, with two years of intensive specialization followed by two years of general studies at the senior level.

The four year colleges are not likely to accept either of these two suggestions. They point out that the curricula of the four year schools are not at all alike, and that it would be futile to consult with a dozen different community colleges, each of whom will send their students to a dozen different senior colleges. (Of course, the board of regents in some states have attempted to solve this problem by suggested more uniform curricula; here is a case where legislation may force articulation).

Schools of business throughout the country vigorously oppose the suggestion that the general studies be offered the last two years instead of the first two. They argue that a foundation be established first and that the business courses be offered as close to employment as possible (for example, this is why students are asked to study taxation in the senior year). In addition, a number of prestige schools have moved education for business and management into the graduate program. The latest trend is a movement on the part of the American Institute of CPA's to establish professional schools of accounting (following the pattern of medicine, engineering, and law). Admission would follow two or more years of general studies.

What do the two year schools want from the four year schools? Essentially, they want recognition as a partner in higher education. They do not want to be treated like step-children. They want to have a say in the future of their students.

They point out that almost fifty percent of all students studying accounting will take the course in a community college.

They want to be recognized by the public accounting profession and industry.

The two year college faculty member suffers from the uncertainty of his professional identity. He does not have the sense of a professional "home".

He lacks the awareness of belonging to a larger community of scholars because he is tied to his own campus as the result of an inadequate or non-existent travel budget and a heavy teaching load.

He feels cut off from many of those associations, organizations, and similar sources of professional development and communication which his four-year counterparts have developed over the years.

What do the two year colleges have to offer?

A good deal. They do far more than prepare students to transfer to the four year programs. In offering a wide variety of technical and vocational career programs, the community colleges are closer to the needs of the community. They are far more flexible than the senior level institutions; their machinery makes it easier to adopt new programs to meet new needs.

In many cases instruction is more personal and individualized compared to the possibility of large sections, TV, or use of teaching assistants in the major universities. They are more likely to offer labs in accounting, thus reducing the number of failures and drop outs.

The community colleges are more likely to emphasize the practical rather than the conceptual, and this provides many vocational opportunities for the para-professional.

Many community and technical colleges are stronger than most four year schools in teaching basic computer courses. Familiarity with data processing is certainly a must for anyone seeking a career in business.

How do the four year schools look at the community and technical colleges?

First, they recognize that the objectives of the two types of schools are quite different, and like the French expression (viva la difference!) would not want to change it.

Community colleges offer accounting in the freshman year while the senior colleges, with few exceptions, do not permit their students to take elementary accounting until the sophomore year. The difference in maturity makes for a more rigorous elementary course at the senior college. Students have had a year of college, acquired better study habits, and have a better understanding of business terminology and practice.

The community college typically offers a "how to" course using such books as Niswonger & Fess or Pyle and White, while the elementary course in a four year school is likely to be more conceptual and place more emphasis on managerial concepts.

Should the two year schools dictate what the four year schools should offer? This would happen if the four year schools were required to accept all credits offered in the community colleges. Should the four year schools dictate what the two year schools should offer? This too would be intolerable.

Most four year schools would like the potential transfer student to take a minimum of business courses during the first two years. There is a strong suspicion, that in general, business teachers in the community college are not fully trained, carry too heavy a teaching load (typically 15 instead of the 12 or less in the four year schools), and do not keep up to date on new developments.

Three national organizations play an important part in promoting articulation for higher education in business and especially accounting:

1. The AACSB (about 178 accredited four year schools and about 316 non-accredited schools)

2. The American Institute of CPA's

3. The American Accounting Association

No discussion of articulation for higher education in business can ignore the role of the AACSB, the official accrediting association for business schools. This organization is dominated by deans and lacks faculty representation and participation. Many of the deans in leadership roles at AACSB are not particularly favorable toward accounting education, and so I reject summarily any suggestions that community colleges seek membership in AACSB in order to (a) assume input into the shape of the curriculum or (b) seek AACSB accreditation of their two year programs in business. It would be a most frustrating experience.

The accreditation standards at AACSB state:

> "An undergraduate school of business should concentrate its professional courses in the last two years of a four-year program, and should offer only a limited amount of work below the junior year."

Examples of lower division courses considered transferable include principles of accounting, economics, business law, statistics, and introduction to business.

AACSB also requires the accredited degree school to "limit transfer credit for business courses which it applies toward its degree requirements, taken at a lower division level, to such courses as it offers at that level."

This means, then, that if an AACSB school offers marketing, finance, cost accounting, intermediate accounting, etc. at the junior level, it cannot accept similar courses taken by a transfer student at the sophomore level.

It is interesting that an exception was made in the case of the Illinois schools, where pressure was placed on AACSB to allow acceptance of cost accounting as transfer credit without validation. Why this was done is a mystery, because it is difficult to say that the Illinois schools do a better job of teaching cost accounting than the rest of the country.

It is also interesting to note that the State of Illinois has agreed to transfer credit for intermediate accounting. The University of Wisconsin, another highly rated business school, will accept intermediate accounting without examination. It seems there is a double standard somewhere, one for those who are members of the club and one for those who are knocking on the door.

The non-accredited schools, and there are many good ones, have a more liberal policy in granting transfer credit. Cynics may say that these schools need the tuition, particularly the private institutions, but another reason is that many of the non-accredited schools do not offer a full major in business or accounting.

Three questions could be posed:

1. Should the senior college deny transfer credit because a student took a junior or senior course at the sophomore level?

2. Should community colleges limit their specialized and advanced courses to students who guarantee they will not transfer? (Suppose a student changes his mind?)

3. Should colleges and universities withdraw from the AACSB in order to accommodate transfer students?

I would like to get your reactions to these questions during the discussion period.

A second major organization is the American Institute of Certified Public Accountants, which several years ago had a committee on relations with the community colleges. This committee is now merged into a more general education committee. The institute parallels the American Bar Association and the American Medical Association in the sense that it is the top representative of the public accounting profession. Through the CPA examination, which it prepares for administration by the various state boards, it influences the quality and depth of educational preparation for the profession. The Institute has come out strongly for the establishment of professional schools of accounting. This may some day affect the growth of two year programs in accounting technology but certainly not in the next decade. The Institute seems to have lost interest in the community college movement.

The third organization is the American Accounting Association, which is identified as the official organization of accounting teachers (although a majority of the members do not teach). The AAA has had committees on community college relations for a number of years and has developed to the stage where it now sponsors, on a limited basis, several professional development programs designed to meet the needs of community college teachers of accounting. One of the best was held at California State University at Los Angeles this spring, and copies of the proceedings may be obtained by writing Professor George Gustafson at Cal State L.A.

On the other hand, the interests of community college teachers were completely ignored at this year's annual convention in Tucson. The quarterly ACCOUNTING REVIEW is highly theoretical, mathematically oriented, and of little interest to community college as well as senior college teachers, so it is little wonder that relatively few community college teachers belong to the AAA. In all fairness, some attempt is made to meet the needs of the community college teachers at the annual regional programs. Because of more limited travel budgets, it is easier to attend the regional meetings.

SUMMARY

The most effective approach to the articulation problem is not on the national or state level, not by accrediting agencies or state boards. But on the local level, where the two year schools meet with the universities to whom their students transfer, and reach a mutually satisfactory agreement.

Where appropriate, proficiency examinations should be given to validate credit. The goal should be to minimize these examinations once the four year school knows the quality of the students it receives. It is unfair to allow an unqualified two year student to take an advanced course in accounting and fail. On the other hand, he should be allowed to advance as rapidly as his capabilities permit.

Continuing education is necessary for all teachers, not for community and technical college teachers only. Workshops and seminars should provide an opportunity for updating technical knowledge as well as promoting a better understanding of the two types of institutions.

This comment from a participant in such a program is relevant:

> "When people quite being defensive over whether their particular course, say Intermediate Accounting, was "as good as" the junior level sequence at a University, and beegan to examine the content requirements of upper division accounting and the attendant demands upon faculty, library and facilities, they began to make real progress in studying their own problems and ways of solving these problems."

I don't see any quick and easy solutions to the transfer credit problem. But like happiness, we should pursue it.